

Message Text

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ORIGIN EB-08

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
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FM SECSTATE WASHDC
TO AMEMBASSY DAMASCUS

UNCLAS STATE 007912

E.O. 11652: N/A

TAGS: EINV, SY

SUBJECT: STATUS OF OPIC LEGISLATION

REF: DAMASCUS 118

1. OPIC'S CURRENT LEGISLATION (TITLE IV OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED) PROVIDES THAT UNLESS EXTENDED, OPIC'S AUTHORITIES TO ISSUE POLITICAL RISK INSURANCE AND LOAN GUARANTIES WOULD EXPIRE ON DECEMBER 31, 1977. THE ADMINISTRATION PROPOSED THAT CONGRESS RENEW THIS LEGISLATION TO PERMIT CONTINUATION OF THESE KEY OPIC PROGRAMS, WHICH THE ADMINISTRATION BELIEVES PROVIDE A VALUABLE COMPLEMENT TO U.S. DEVELOPMENT ASSISTANCE.

2. AFTER RELATIVELY EASY PASSAGE BY THE SENATE (69-12), THE PENDING OPIC LEGISLATION ENCOUNTERED OPPOSITION
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DURING THE HOUSE FLOOR DEBATE NOVEMBER 3. SPARKED BY INTENSE LOBBYING BY THE AFL-CIO, CRITICS OF OPIC FOCUSED ON THREE CHARGES: (A) THAT ITS PROGRAMS RESULT IN THE EXPORT OF AMERICAN JOBS, PARTICULARLY IN THE SENSITIVE TEXTILES, ELECTRONICS AND STEEL SECTORS; (B) THAT MANY OF THE COUNTRIES WHERE ITS PROGRAMS ARE MOST SUCCESSFUL ARE CHARACTERIZED BY AUTHORITARIAN GOVERNMENTS WITH POOR

HUMAN RIGHTS RECORDS; AND (C) THAT ITS ASSISTANCE GOES

DISPROPORTIONATELY TO LARGE CORPORATIONS.

3. WHILE OPIC SUPPORTERS ATTEMPTED TO COUNTER THESE INACCURATE CHARGES DURING THE DEBATE, THE BILL'S MANAGERS JUDGED THAT ITS CHANCES FOR PASSAGE WOULD BE BETTER AFTER THE HOUSE RECONVENES JANUARY 19. ACCORDINGLY, THE BILL WAS WITHDRAWN FROM CONSIDERATION TO PERMIT INFORMAL REVIEW BY THE HOUSE INTERNATIONAL RELATIONS COMMITTEE AND RE-SUBMISSION FOR VOTE SHORTLY AFTER JANUARY 23.

4. WITH THE FAILURE TO RENEW OPIC'S LEGISLATION BY DECEMBER 31, OPIC'S AUTHORITY TO ISSUE INSURANCE AND

LOAN GUARANTIES LAPSED TEMPORARILY. HOWEVER, IT IS CONTINUING TO REGISTER APPLICATIONS FOR THESE PROGRAMS AND IS ADVISING INVESTORS THAT CONTRACTS WILL BE ISSUED AS SOON AS POSSIBLE AFTER CONGRESS EXTENDS THESE TWO AUTHORITIES. IN ADDITION, OPIC CONTINUES TO HAVE AUTHORITY TO CONDUCT ITS RELATIVELY SMALL DIRECT LOAN PROGRAM. IT ALSO CONTINUES TO OFFER ADVICE TO LDC GOVERNMENTS AND U.S. INVESTORS ABOUT POTENTIALLY ATTRACTIVE INVESTMENT PROJECTS IN COUNTRIES ELIGIBLE FOR OPIC PROGRAMS. CHRISTOPHER

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